

BEFORE THE POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Notice of Market Dominant Price Adjustment

Docket No. R2018-1

**COMMENTS OF THE
NATIONAL ASSOCIATION OF PRESORT MAILERS
(October 26, 2017)**

The National Association of Presort Mailers (NAPM) respectfully submits these comments on the United States Postal Service's Notice of Market Dominant Price Adjustment, dated October 6, 2017.

The NAPM represents over 100 mail owners and mail service providers. Our members interact with, and collect mail from, tens of thousands of mail consumers and combine their mail together to present it as a single mailing to the Postal Service so that the client can receive the benefits of Commercial Mail price discounts. Collectively, NAPM represents approximately 40 percent of the total First-Class Automation Letter Mail volume.

The members of NAPM are valued partners with the Postal Service. NAPM members deliver high quality mail to the Postal Service with accurate addresses, high quality barcodes, at high-density preparation levels, transported and entered when and where it is most efficient for the Postal Service. We are true partners with the Postal Service: we sell its products, we share the same customers, and like the Postal Service, our business critically depends on keeping mail in the system.

I. First-Class Mail Rate Design

NAPM commends the Postal Service for maintaining a First-Class Mail Letters rate design that encourages the use of more efficient and more profitable presort mail. First-Class Mail letter presort mail volumes continue to trend more favorably for the Postal Service than Single-Piece volumes. Presort letters also continue to be more price sensitive and more profitable than Single-Piece letters. For these reasons, minimizing structural changes and maintaining key rate relationships within First-Class Mail Letters is important in maintaining the stability and viability of continued use of this key B2C and B2B mailing product.

NAPM supports the Postal Service's decision to maintain the current discount for 5-Digit Automation Letters. Maintaining this discount will help to improve operational efficiency, reduce total mailing costs, and encourage mail to remain in the system. The current discount is set at 88 percent of the modeled costs avoided, so there is additional room in future adjustments to move towards fully reflecting the value of the work performed by mailers and mail service providers. Because much of the work that NAPM members perform to educate their customers and to help them prepare and present the most efficient mail to the Postal Service is not currently recognized in the cost models, it is critical that discounts fully reflect all modeled cost savings.

NAPM also supports the Postal Service's decision to maintain the three cent price differential between Metered and Stamped Single-Piece letters. Maintaining this differential will help keep small and medium-sized business mailers in the postal system. The price differential also properly reflects the fact that Metered Letters are a more efficient and lower cost sales channel for the Postal Service. Additionally, maintaining the separate Metered Letters price differential allows the Postal Service to continue to use a more accurate benchmark for calculating the costs avoided by First-Class Mail Presort letters. A larger price differential for Metered Letters allows the Postal Service to maximize its pricing flexibility in expanding discounts for its most highly profitable First-Class Mail Presort products.

NAPM encourages the Postal Service to work with the mailing industry to identify other ways to keep small and medium-sized business mailers in the mail. NAPM is committed to continue working with the Postal Service to develop innovative approaches to keep Single Piece mail moving into the Intelligent Mail Full Service automation mail stream.

II. Full Service Intelligent Mail Discount

NAPM members have invested significant amounts of time and money in support of the design and implementation of Full Service Intelligent Mail. NAPM supports the Postal Service's decision to maintain the Full Service Intelligent Mail discount for qualifying First-Class and Marketing Mail products as a means of stimulating further adoption and enabling the Postal Service, mailers, and mail service providers to benefit from improved visibility into the mail stream.

III. Marketing Mail Drop Ship Discounts

The Postal Service deserves credit for the care it continues to show in adjusting the entry discounts for DSCF and DNDC Marketing Mail letters. The plan to incrementally adjust the drop ship entry discounts over the course of several price adjustments is sensible and prudent. With the Commission's approval, the Postal Service has made real progress, while providing the industry the time necessary to absorb the change.

IV. Promotions

In recent years the Postal Service's promotional pricing incentives have become increasingly important. Promotions programs have proven effective in helping mailers to innovate and keep mail in the postal system. NAPM is encouraged that the Postal Service has stated that it will introduce new promotional programs as soon as a Governor is confirmed; advance notice of the types of promotions the Postal Service is planning would help mailers take full advantage of future opportunities.

NAPM appreciates the Commission's consideration of these comments.

Respectfully submitted,



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